



**U.S. Department of Justice**

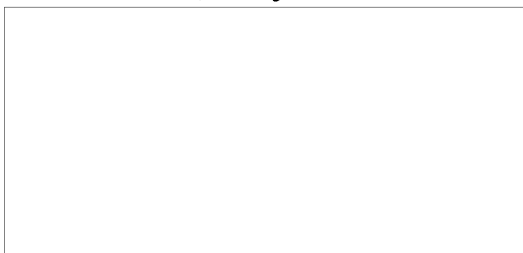
*United States Attorney  
District of Hawaii*

*Room C-242, United States Courthouse  
300 Ala Moana Blvd., Box 50183  
Honolulu, Hawaii 96850*

*808/546-7170*

April 23, 1984

Theodore Greenberg, Esq.  
Assistant U. S. Attorney  
701 Prince Street  
Alexandria, Virginia 22314



STAT

Re: Newspapers Articles re Ronald Rewald


Dear Ted, Bob and Ernie:

Enclosed are newspaper articles re above subject  
taken from the Honolulu Star-Bulletin and Advertiser for  
your information.

Very truly yours,

DANIEL A. BENT  
United States Attorney  
District of Hawaii

By

  
JOHN B. PEYTON, JR.  
Assistant U. S. Attorney

Enclosures

JFP/ljh

Formerly Worked for CIA

4/18/84 Star-Bulletin

# Rewald Wary of Attorney

By Charles Memminger  
Star-Bulletin Writer

Assistant U.S. Attorney John Peyton says it's "purely coincidental."

Ronald Rewald says he's more than a little leery about Peyton's arrival in Honolulu last year just in time to handle a possible federal case against him.

Peyton, as reported in December in the Star-Bulletin, was chief of the litigation section for the CIA in Langley, Va.

That bothers Rewald who has alleged in court documents that the CIA was his employer. Bishop, Patton, Rewald, Birmingham & Wong.

Peyton's previous position with the CIA also has not gone unnoticed by the national and international press. The Wall Street Journal, in an article on Rewald published today, called Peyton's involvement in the case "a curiosity."

BEFORE ATTEMPTING suicide last July, Rewald wrote a note to his wife vaguely referring to government work he had done and

## Related Story, A-12

lamenting that he never thought he would be deserted and unprotected.

People involved in Rewald's company have said the only reason Rewald is pressing his claims against the CIA now is because he feels threatened. They said he and his family were once and federal agencies began to descend on his company.

The only way he can clear himself is to show how deeply the CIA was involved in his company, Rewald believes.

The fact that a former CIA attorney is now leading the inves-

tigation into Rewald's business dealings leaves Rewald shaky. A federal grand jury has been investigating Rewald for several months but has yet to return any indictment.

"It's distressing," Rewald said. "It sounds like the deck is loaded."

Peyton realizes that few will believe that his joining the U.S. attorney's office here Aug. 1, only two days after Rewald's suicide attempt, is a coincidence, but he steadfastly maintains it was.

"I was hired in May or June and reported for work Aug. 1," Peyton said. "That is purely coincidental in the breaking of the Rewald case."

PEYTON CAME TO Hawaii from Miami, where he served as an assistant U.S. attorney in charge of narcotics trafficking for two years. Before that, he had been with the CIA in Virgin-

ia, he said. Peyton said he is no longer connected with the CIA.

Peyton was to become a member of a narcotics task force in Hawaii but instead was assigned the Rewald case by U.S. Attorney Daniel Bent. Peyton said he was probably given the Rewald case because he was "brand new" and had no caseload. Bent was unavailable to comment today on Peyton's assignment.

Peyton said because he is now "so wound up" in the Rewald case, he has not done any narcotics work.

The only federal action taken against Rewald was a complaint filed by the Securities and Exchange Commission Aug. 8. That case was settled out-of-court last week when Rewald agreed not to violate federal securities laws.

On the state level, Rewald has been charged with two counts of theft by deception and a grand jury is also continuing its investigation.

## Suggests investors band together

# Rewald trying to regain company?

By Walter Wright  
Advertiser Staff Writer

Amid a rising crescendo of publicity about the CIA's role in Ronald Rewald's company, Rewald and his supporters are fighting back and may try to regain control of the bankrupt company, *The Advertiser* has learned.

Rewald has sent a letter to several investors suggesting they band together with his attorney in a common defense against bankruptcy administrator Thomas Hayes.

Rewald says the CIA ran and then sank his company, the loftily-named Bishop, Baldwin, Rewald, Dillingham and Wong.

The CIA acknowledges a slight involvement with Rewald, but absolutely denies having anything to do with his alleged theft of investors' money.

One investor who accepts Rewald's story invited investors to a meeting at her Hawaii Kai home last night to see if any would join a suit against the CIA, or consider banding together in a committee or association.

Investor Carole Myers said San Francisco attorney Melvin Belli will come to Honolulu Tuesday to meet — at the Royal Hawaiian Hotel — with any investor who wants to join the suit against the CIA.

And Rewald himself has sent a letter to several other investors — those whom Hayes says took out more money than they put in and thus are debtors — urging them to contact Rewald attorney Robert A. Smith.

Rewald says Hayes' demand for repayment of the \$2 million in question is "outrageous," and says no lawyer is better qualified to help



Ronald Rewald  
Repayment demand "outrageous"

such investors than Smith.

Rewald admits Smith may have a conflict of interest in representing investors whose money may have been taken by his other client, Rewald, in a fraud. But, Rewald said, as long as possible conflicts of interest are disclosed, Smith could still represent such investors.

Bankruptcy administrator Hayes said yesterday there have been rumors that an effort will be made to oust him, at least partly because he doesn't buy Rewald's claim that the CIA is to blame. Rewald and Myers said they both personally would like to see Hayes out, but both said they knew nothing of any effort to do it.

The latest treatment of the Rewald saga appeared yesterday on the front page of *The Wall Street Journal*. Journal reporter Jonathan Kwitny said "it may never be known" whether the CIA sanctioned financial misdeeds on Rewald's part. And, Kwitny said, it obviously would be in Rewald's interest to exaggerate his CIA ties.

But Kwitny was puzzled, as others have been, that Rewald's firm was able to operate an alleged investment fraud for three years while at least some active and retired CIA officials looked on as investors and consultants.

"Even if Mr. Rewald fails in portraying himself as a CIA pawn," Kwitny wrote, "his former clients will probably argue that the CIA lent credibility to his business dealings and that the agency knew — or should have known — what was going on."

That is precisely the content of several suits already filed against the CIA by some investors and by Rewald himself.

One reaction to the Kwitny article was solicited yesterday from Assistant U.S. Attorney John Peyton, who is handling the Rewald case in Honolulu. Peyton, Kwitny reported, is the former chief of litigation for the CIA at its headquarters in Langley, Va.

While Kwitny called that fact a "curiosity," Peyton said yesterday it was a complete coincidence.

"I worked at the CIA from 1976 to 1981," said Peyton, adding he had been in intelligence during his military service, prior to working as a prosecuting attorney in Cincinnati.

He said his work with the CIA typically dealt with cases involving

Freedom of Information requests, suits against the agency for alleged civil rights violations, and publication of information by former CIA employees.

He said he left the CIA in 1981 to join the U.S. Attorney's office in Miami, where he worked in the narcotics section. In the fall of 1982, he said, he responded to a request by U.S. Attorney Dan Bent of Honolulu for applicants for a similar position here.

By that time, the IRS was already investigating Rewald in a tax matter. Rewald later tried to get the CIA to halt the IRS investigation. The CIA did intervene, in early 1983, long enough to attempt to sanitize the firm's records and get at least one CIA operative clear of the company, according to a reliable source. Then the IRS probe resumed.

On July 29, 1983, Channel 2 broadcast a report raising questions about the firm. Rewald checked into a hotel that day, then tried to commit suicide.

Peyton reported to work in Hawaii August 1, just as Rewald's company collapsed. He was immediately assigned to the case.

The *Wall Street Journal* article follows hard on the heels of a British Broadcasting Corp. report which accepts Rewald's version of the CIA involvement. The BBC piece stimulated the first report on the case by *The Washington Post* this week.

And the Hawaii Investor, a monthly business newspaper which did an interview with Rewald several weeks ago, carries in its current issue a long article with a headline declaring the CIA played a "leading role in the rise and fall of Bishop, Baldwin."

THE HONOLULU ADVERTISER  
Thursday, April 19, 1984  
(Page A-3)

# Rewald creditors say they got the slip

## Bankruptcy official not around to get list

By Kit Smith  
*Advertiser Financial Editor*

It was serious business, the delivery of a slip of pointed questions to bankruptcy administrator Thomas Hayes from creditors of Ronald Rewald's Bishop, Baldwin, Rewald, Dillingham & Wong.

The way it came off yesterday had aspects of comic opera.

The deliverer was Dr. Ted Frigard, a contractor-turned-movie producer who said he lost \$300,000 in the Bishop, Baldwin collapse last year. By process of elimination, he said, he was the spokesman for a group of about 35 investors who met Wednesday evening in Hawaii.

To invite media attention, Frigard called an 11 a.m. press conference for the corridor outside Hayes's office on Governor Center's 26th floor. But there was no confrontation; Frigard said Hayes had given him the slip.

Hayes, contacted later, said that he left his office at 10:30 on an important matter related to the case and that, furthermore, Frigard had not called to see him was coming.)

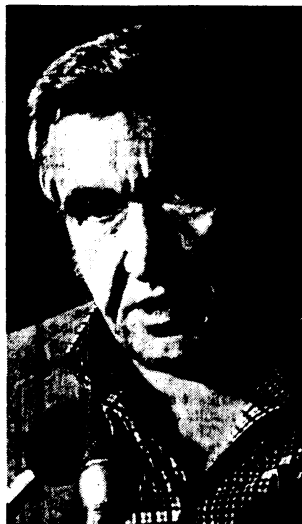
While Frigard was speaking with the media, Rewald himself stepped off the elevator, his way blocked by the unusual press gathering. When Frigard was finished and Rewald suddenly was noticed, attention jumped to him.

"Don't know what's going on here," Rewald said. "That's my office," he said, pointing to the office of his attorney, Robert Smith. "I'm trying to get to work."

The newly formed Creditors Association for Bishop, Baldwin, Rewald, Dillingham & Wong, in its prepared list, says why he hasn't gone after "obvious targets" instead of suing "retirees" who received money from the firm during its last 90 days of operation. The "targets" listed



Ronald Rewald  
 "Trying to get to work"



Thomas Hayes  
 No advance notice



Dr. Ted Frigard  
 Questions from creditors

● The CIA. Its possible connection with Bishop Baldwin has gotten intense national scrutiny of late.

● The Federal Deposit Insurance Corp. (Bishop Baldwin claimed its accounts were insured by the FDIC up to \$150,000 although that federal agency insures banks, not investments firms, and only up to \$100,000.)

● The Securities and Exchange Commission. The sheet carried by Frigard says, "The investigation of Bishop, Baldwin

win was transferred from the Los Angeles office, which normally handles this area, to the Washington office where the CIA could influence the outcome."

● Attorneys and certified public accountants connected with the firm, for possible "errors and omissions" liability.

Hayes said he will defer answering these and other questions until a 9 a.m. "first meeting of creditors" Wednesday at the federal courthouse. He will be armed, he said, with a computer printout

"of where all the money came in and where the money was spent."

But Hayes did express puzzlement at another question on Frigard's list — why is Rewald "the only one charged in the fiasco" and not the firm's board of directors?

As bankruptcy administrator it's not his role to bring legal charges, said Hayes. Furthermore, he said, only two of the six persons mentioned on the list were in fact directors — Rewald and President Sunlin "Sunny" Wong.

## Inouye: CIA-Ron link small

The U.S. Senate Committee on Intelligence examined Ronald Rewald's connections to the CIA, and "the findings did not seem to indicate the involvement was significant," Sen. Daniel K. Inouye said yesterday.

And Congressman Cecil Hefel said yesterday a U.S. House Intelligence Committee preliminary investigation into the same subject is under way.

Inouye, a member of the Senate panel, said he asked committee staffers to look into the Rewald matter once allegations surfaced linking the indicted businessman and his now-defunct investment firm to the CIA.

"This was done, and the report was available to all members of the committee," he said.

"I saw it and the findings did not seem to indicate the (CIA) involvement was significant," said Inouye.

If evidence of more tangible CIA involvement with Bishop, Baldwin, Rewald, Dillingham and Wong had been turned up, Inouye said, a more extensive investigation into the matter would have been undertaken.